



**Sean Rogan**  
Executive Director

**HOUSING AUTHORITY  
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4510 • TDD: 855.892.6095 • [www.hacola.org](http://www.hacola.org)

**Hilda L. Solis**  
**Mark Ridley-Thomas**  
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Commissioners

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

1-H November 15, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

November 15, 2016

The Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE A LOAN AGREEMENT, AN AMENDMENT TO AN EXISTING DEED OF TRUST AND  
ALL RELATED LOAN DOCUMENTS, FOR THE RESYNDICATION OF SIMONE APARTMENTS IN  
THE CITY OF LOS ANGELES  
(DISTRICT 2) (3 VOTE)**

**SUBJECT**

This letter recommends approval of a loan agreement, an amendment and assumption of an existing deed of trust, and all related loan documents between the Housing Authority of the County of Los Angeles (HACoLA), and Simone 2015 LP (Developer), for the acquisition and rehabilitation of Simone Apartments (Project), a permanent supportive housing project with 114 Single Room Occupancy (SRO) units for qualified individuals experiencing homelessness, located at 520 San Julian Street, in the City of Los Angeles.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Executive Director, or his designee, to negotiate, execute, and if necessary, terminate the Loan Agreement with the Developer, in a total amount of up to \$653,572, in order to assume the existing Sustainable Rehabilitation Loan, to extend the affordability period through December 2073, and to modify the residual receipt payments, following approval as to form by County Counsel.
2. Authorize the Executive Director, or his designee, to negotiate and execute an amendment to, and, if necessary, terminate the Deed of Trust between HACoLA and the Developer, to assume the existing Sustainable Rehabilitation Loan by the Developer, and to subordinate the existing Deed of Trust to the senior lenders, following approval as to form by County Counsel.

3. Authorize the Executive Director, or his designee, to negotiate, execute, amend, and if necessary, terminate all related documents, including but not limited to documents to subordinate the loan to construction and permanent financing, covenants, conditions and restrictions, and any intergovernmental, interagency, or inter-creditor agreements needed for the implementation of the Project, following approval as to form by County Counsel.

4. Find that the approval of the Loan Agreement and related documents is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the actions are not defined as a project under CEQA.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to execute the Loan Agreement and all related documents, to amend the existing Deed of Trust, and to subordinate the existing Sustainable Rehabilitation Loan, in order to extend the useful life of the Project and preserve 114 units of permanent supportive housing for qualified individuals experiencing homelessness. The Loan Agreement will extend the affordability term for Simone Apartments through December 2073.

### **FISCAL IMPACT/FINANCING**

There is no impact on County General Fund.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In June 2012, HACoLA provided \$590,000 in City of Industry (COI) funds to Simone Hotel Limited Partnership, for the sustainable rehabilitation of Simone Apartments, consisting of 114 SRO units of permanent supportive housing located at 520 San Julian Street in the City of Los Angeles.

On February 5, 2016 Skid Row Housing Trust submitted a proposal for a new partnership, Simone 2015 LP, to acquire and rehabilitate Simone Apartments for an estimated \$27,467,105. The new partnership's refinancing plan will consist of resyndication involving low-income housing tax credits, tax-exempt bond financing, assumption of the existing COI loan, and private financing.

As part of its resyndication, Simone 2015 LP will obtain additional funding as follows: a \$3,141,710 loan of Veterans Housing and Homelessness Prevention funds from the California Department of Housing and Community Development (HCD); a \$2,000,000 grant of Affordable Housing Program funds from the Federal Home Loan Bank; and recasting of existing loans to extend the amortization periods on \$2,750,135 from HCD and \$2,808,005 from the City of Los Angeles. As part of this transaction, HACoLA will also recast its existing loan in the amount of up to \$653,572 for an additional 57 years, maturing on December 1, 2073. The new partnership is requesting that HACoLA subordinate its existing loan to senior lenders consisting of HCD, the Federal Home Loan Bank, and the City of Los Angeles. Other committed financing sources include low-income housing tax credit equity, and tax exempt bonds.

These financing sources will be used in the acquisition and rehabilitation of the Project with an estimated cost of \$27,467,105. Interior improvements being proposed are the remodel of two community rooms, two common kitchens, and laundry facilities, new energy efficient heating, ventilation, and air conditioning (HVAC), new flooring, and plumbing upgrades. Exterior improvements will include roof replacement, new windows, painting and repairs to fencing, storm drain, and stucco.

Through the approval of the above actions, the Developer will assume the existing COI loan. The Developer will reserve 113 units to households at or below 50% of Area Median Income, which includes 22 units for homeless veterans, plus one non-restricted manager unit. A total of 82 units will be HACoLA-assisted units.

### **ENVIRONMENTAL DOCUMENTATION**

These actions are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of these actions will extend the useful life of the Project and preserve the supply of permanent supportive housing in the County with long term affordability for low-income persons experiencing homelessness.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:rra